

**ORIGINAL**  
Jennifer Ybarra



SW-01428A-09-0103  
W-01427A-09-0104

From: Rich [rcrabb@cox.net]  
Sent: Wednesday, January 27, 2010 7:21 AM  
To: Paul Newman  
Subject: Liberty Water Rate Case - Canadian Tax Law/Algonquin Power Restructuring

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W-01427A-09-0116  
W-01427A-09-0120

Commissioner Newman, I sent the following information to the commission yesterday using the azcc.gov(LastName-web@azcc.gov) email addresses. They differ from the one on your card. I wanted to make that you received this information.

I read your bio. Thanks for your green foresight and looking out for the "little guy".

Arizona Corporation Commission:

Thank you again for providing an additional opportunity for hearing public comment at a more convenient time and location within our service area regarding the Liberty water rate increase request. Your conduct of and attentiveness at this open ended proceeding, allowing all who wished to speak to fully state their concerns, reflects well upon the commission's leadership, each commissioner, and overall as an elected body in a heightened climate of public distrust and disgust. I am sure others in attendance will share similar sentiments with their friends and neighbors and hopefully our resident publisher of the region's newspaper, the West Valley View, will convey the same in editorials and articles delivered to the doorsteps of readership/constituents/Liberty customers who were unable to attend, learn, and participate in the forum....and thank you to the stenographer for the *unsung laborious work necessary* to affix the voice of the people to the official record.

I want to provide the following detail/links about changes to the Canadian tax law and the restructuring of Algonquin Power(the change from investment trust to corporate status was to acquire a tax shelter and allow for more aggressive growth which may have otherwise been stymied by the limitations of the safe harbor transition period through 2010 outlined in the revisions to Canadian tax law:

Link to Canada's Department of Finance website providing detail of the "Tax Fairness Plan" initiated in 2006.  
<http://www.fin.gc.ca/n06/06-061-eng.asp>

Link to Algonquin Power website outlining the change from an investment trust to a corporation and various correspondence with shareholders.  
[http://algonquinpower.com/financial/other\\_forms.asp](http://algonquinpower.com/financial/other_forms.asp)

**From Algonquin Power Website:**

On June 12, 2009, the Trustees of Algonquin Power Income Fund (the "Fund") announced its intention to continue the Fund's business under a Corporate structure.

The manner in which this change occurred involved the following details:

The corporation selected by the Fund's Trustees for this transaction was Hydrogenics. The transaction was accomplished through a take-over bid for the Fund (the "Transaction") by Hydrogenics. Simultaneously with the successful completion of the Transaction, Hydrogenics moved their entire business to an entirely new company which is and will remain completely unrelated to the Fund.

**The result was Hydrogenics being a corporate shell company with \$192 million in tax shield**

**The Trustees then renamed the corporate shell Algonquin Power & Utilities Corp.**

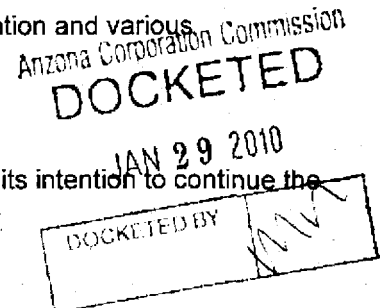
The businesses of the Fund remain unchanged following the Transaction.

Algonquin Power & Utilities Corp. and Hydrogenics are not combining businesses.

The Fund's business will not change and will continue to operate as the only wholly owned entity of this shell corporation. Investors that tendered units of the Fund to the offer received in exchange one share of Algonquin Power & Utilities Corp. for each unit of the Fund owned by the investor and therefore maintain their exact same interest in Algonquin Power & Utilities Corp. as they previously did in the Fund.

Algonquin Power & Utilities Corp. pays a dividend to shareholders at the rate of \$0.24 per share per year, consistent with the Fund's previous distribution payment of \$0.24 per unit per year.

The Trustees of Algonquin Power Income Fund unanimously recommended that unitholders tender their units to the offer.



September 1, 2009 Letter to shareholders that encapsulates the reason for the change in business structure.  
<http://algonquinpower.com/financial/reports/2009/corp/units/Letter%20to%20Unitholders.pdf>

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